Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Text

LIMITED OFFICIAL USE

PAGE 01 TOKYO 11077 190239Z
ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EB-08 FRB-03 INR-10 IO-13 NEA-11 NSAE-00 ICA-11
OPIC-03 SP-02 TRSE-00 LAB-04 SIL-01 OMB-01 SS-15
AGR-05 NSC-05 L-03 /124 W
----------122949 190242Z /62
P 190236Z JUN 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC PRIORITY 8913
AMEMBASSY PARIS PRIORITY

LIMITED OFFICIAL USE TOKYO 11077

USOECD

E. O. 11652: N/A
TAGS: ECON, JA, OECD
SUBJECT: EDRC REVIEW OF JAPAN

REF: PARIS 18851

1. SUMMARY: EMBASSY BELIEVES THE DRAFT OECD REVIEW OF JAPAN, AS SUMMARIZED IN PARIS 18851, PROVIDES A CONSTRUCTIVE ASSESSMENT OF RECENT DEVELOPMENTS IN THE JAPANESE ECONOMY. SUSTAINABILITY OF CURRENT REVIVAL IN DOMESTIC FINAL DEMAND AND TIMING OF TURNAROUND IN CURRENT ACCOUNT BAANCE REMAIN THE $64 DOLLAR QUESTIONS. END SUMMARY.

2. THE WATCHFUL, GUARDED OPTIMISM OF THE OECD ABOUT THE NEAR TERM PROSPECTS FOR THE JAPANESE ECONOMY, BASED ON THE FAVORABLE DEVELOPMENT OF RECENT MONTHS, REFLECTS OUR OVERALL VIEW OF GROWTH PROSPECTS. THE AREAS THAT APPEAR TO WARRANT CLOSEST SCRUTINY ARE:

A. CONSUMPTION. IT SHOULD BE POSSIBLE FOR CONSUMPTION TO
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TOKYO 11077 190239Z

EXPAND AT A RATE CLOSE TO THE RATE OF GROWTH IN THE AGGREGATE ECONOMY WITH ONLY A SMALL DECLINE IN THE SAVINGS RATE. IT WOULD BE USEFUL TO PROBE THE LIKELY DEVELOPMENT OF DISPOSABLE INCOMES GIVEN THE LIKELIHOOD THAT REAL HOURLY WAGE RATES WILL GROW AT ABOUT THE SAME RATE IN 1978 THAT THEY DID IN 1977.

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

B. GOVERNMENT INVESTMENT. CONTRACTING FOR GOVERNMENT PUBLIC WORKS IS FRONTLOADED FOR MAXIMUM EARLY IMPACT. IT WOULD BE USEFUL TO EXAMINE THE RELATION BETWEEN CONTRACTING AND TIMING OF SPENDING RESULTS IN THE GNP ACCOUNTS.

3. QUANTITATIVE BALANCE OF PAYMENTS PROSPECTS DESERVE CAREFUL SCRUTINY. MACRO POLICIES AND TRENDS AT HOME AS WELL AS DEVELOPMENTS ABROAD ALL SUGGEST A GRADUALLY DECLINING SURPLUS BUT EVIDENCE TO THIS EFFECT HAS BEEN SLOW TO APPEAR. THE STRONG TERMS OF TRADE GAINS BY JAPAN IN THE LAST YEAR SUGGEST THAT JAPAN HAS BEEN ABLE BOTH TO PUSH THRU HIGHER DOLLAR PRICES OF ITS EXPORTS AND HAS BENEFITED FROM WEAK INTERNATIONAL PRICES OF ITS IMPORTS. TRADE VOLUMES APPEAR TO BE MOVING IN THE DESIRED DIRECTIONS BUT IT IS STILL NOT CLEAR WHAT PORTION OF RECENT PRICE DEVELOPMENTS IS TRANSITORY AND WHAT PORTION WILL PROVE ENDURING.
MANSFIELD

LIMITED OFFICIAL USE

NNN

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, ECONOMIC CONDITIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TOKYO11077
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780254-0811
Format: TEL
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780642/aaaabkuy.tel
Line Count: 80
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 866dc785-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 PARIS 18851
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2293841
Secure: OPEN
Status: NATIVE
Subject: EDRC REVIEW OF JAPAN
TAGS: ECON, JA, OECD
To: STATE PARIS
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/866dc785-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014